

March 12, 2026

The Honorable Ben Gilmore
State Senator
Arkansas Legislative Council Co-Chair
State Capitol, Room 315
Little Rock, AR 72201

The Honorable Les Eaves
State Representative
Arkansas Legislative Council Co-Chair
State Capitol, Room 315
Little Rock, AR 72201

Re: Arkansas Public Employees Retirement System (APERS) Investments for Review under Act 1211 of 2009 (A.C.A. §19-69-101 et.seq.)

Senator Gilmore and Representative Eaves:

In accordance with Act 1211 of 2009 (A.C.A. §19-69-101 et.seq.) APERS is providing investment summaries for the Arkansas Legislative Council to review. Attached to this letter are executive summaries detailing APERS' partial equity ownership in the investments.

The APERS Board of Trustees is retaining and investing in the following two strategies: Neuberger Berman Real Estate Strategic Capital Fund, and HarbourVest Private Equity Fund of One. The investments were vetted and recommended by the investment consultants, in consultation with the investment staff. APERS is targeting a commitment of \$300 million for the HarbourVest Fund of One strategy, and \$150 million for the Neuberger Berman Strategy.

Please do not hesitate to contact me directly if you require additional information or have further questions.

Sincerely,



Amy Fecher

Private Real Estate Secondary Investment Executive Summary

Investment	Neuberger Berman Real Estate Strategic Capital Fund, "RECAP", (the "Fund")
Managing Party	Neuberger Berman, LLC (the "General Partner" or "GP")
APERS Legal Interest	APERS will be a Limited Partner ("LP")
Report Date	March 12, 2026
Expected Funding Date	Second quarter of 2026
APERS Commitment & Reason for Entry	A commitment of \$150 million will be necessary to achieve the ~\$130 million NAV (Net Asset Value) target allocation within the APERS' Real Assets/Real Estate investments. The fund was vetted and recommended by the APERS Real Estate consultant.
Placement Agent	No placement agent was utilized.
Key Terms	<p><u>Management Fee</u>: The fund charges a management fee of ~1.25% on commitments during the investment period, thereafter 1.0% per annum on the lesser of FMV of the Fund's investments and aggregate commitments. APERS' management fee will be 41.67 bps.</p> <p><u>Carried Interest</u>: The carry is normally 12.5% over an 8.00% with 100% catch-up. APERS' carry will be 4.17%</p>
Justification of Investment Term & Anticipated Termination Date	The investment is a "real estate secondary" investment. The investment period is a 4-year term, and the expected investment term is 10-years.
Investment Strategy	The strategy is a Real Estate Secondaries Fund. It seeks to take advantage of scalable opportunities in GP-led recapitalizations within the expanding real estate secondaries market. It seeks to build a differentiated, high-returning real estate portfolio by partnering with third-party real estate sponsors looking to hold their highest-conviction investments for longer.
Management Team	The primary investment strategy team members include: Scott Koenig (Managing Director), and Ted Rykowski (Managing Director) are both part of the dedicated real estate specialists. Brian Talbot (Chairman) and Tristram Perkins (Managing Director) are both part of the secondaries team.
Historical Performance	The previous secondaries funds, RESOF I final closing was in 2019. It had total commitments of over \$700 million. Blended Net IRR performance to date is 11.2%. RESOF II has a net IRR of 13.4%

* Historical returns are not indicative of future performance

Private Equity Investment Executive Summary

Investment	HarbourVest Private Equity Fund-of-One
Managing Party	HarbourVest Partners, LLC (the "General Partner" or "GP")
APERS Legal Interest	APERS will be a Limited Partner ("LP")
Report Date	March 12, 2026
Expected Funding Date	Second Quarter of calendar year 2026
APERS Commitment & Reason for Entry	A commitment of \$300 million total (\$100 for primary investments, \$200 for secondary) to achieve a NAV of \$255 million. The fund was vetted and recommended by the APERS private equity consultant.
Placement Agent	No placement agent was utilized.
Key Terms	<p><u>Management Fee</u>: The blended management fee will be ~36 bps on committed capital which does include the existing PECS/PECS Overflow investment</p> <p><u>Carried Interest</u>: The carried interest will be ~6.67% on net investment profits with an 8.00% preferred return with GP catch-up. which does include the existing PECS/PECS Overflow investment.</p>
Justification of Investment Term & Anticipated Termination Date	The investment is a "closed end" fund investment structure. The term is 12 to 14 years.
Investment Strategy	The strategy seeks to build on the existing strategic partnership and create an adaptive, cost-efficient, and administratively simplified solution that addresses both investment and operational priorities for APERS.
Management Team	The investment strategy team is highly experienced and is comprised of Managing Directors and Principals with over 120 investment professionals and 19 Managing Directors.
Historical Performance	HarbourVest does have a successful track record. The track record goes back as far as 2013. Since 2013 gross realized IRR is 30.5% and net realized IRR is 24.6%.

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